

## **Airbnb (2016, Ivey)**

- *Full Name of the Case:* Airbnb: Business Model Development and Future Challenges
- *Teaching Note(s) Available?* Yes
- Case is available through Harvard Business Publishing (product #: W16782-PDF-ENG)

Airbnb is a U.S. firm founded in 2007, which links individuals who have spare rooms in their homes (and other types of non-hotel accommodation) with travelers looking for a place to stay. The case examines Airbnb's early attempts at growth, and the founders' learning about how to improve the experience for users, such as through events including South by Southwest and the 2008 political conventions, as well as visits to New York, a stint at the Y Combinator, and social media. It also discusses how Airbnb challenged early competitors and faced other issues, such as regulatory challenges.

An important theme of the case is about uncovering and addressing customer needs—of both hosts and customers—including through the founder directly testing out Airbnb as a traveler. Another theme is the challenges Airbnb faced in tackling competitors/imitators and skeptical regulators. Thus, the case can serve as an excellent illustration of **Chapter 5** (using a design approach to make a business model more robust against competition) or **Chapter 6** (in which Airbnb is actually used as an example for the benefits of observation as part of the design process); its secondary use case could be in accompanying **Chapter 11** (challenges facing a new firm; in this case, how Airbnb tackled imitators and regulatory challenges).

From a student perspective, the case shows how astute business model design helped Airbnb overcome its substantial early challenges and scale its business model quickly, achieving global reach and a multi-billion-dollar valuation in only a few years.